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Report of

The Pension Benefits Branch

For the Period

1 April 1976 to 31 March 1977

Alberta
LABOUR

Dept of.
Pension Benefits Br.

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1. MAIN PROVISIONS OF THE ACT IN GENERAL TERMS.

The Pension Benefits Act, Chapter 272 of the Revised Statutes of Alberta 1970, came into force as of 1 January 1967, the intent and purpose of this legislation being to safeguard the rights of employees to the benefits promised under pension plans established by employers.

To achieve this, the Act requires that every employer-employee pension plan in operation be registered with the Branch, that it comply with the standards set out, and that compliance is maintained during the lifetime of the plan.

In general terms, the main provisions of the Act are as follows,

VESTING:

Entitlement of a member to a deferred life annuity (payable at normal retirement age) composed of the pension benefits accrued under a pension plan in respect of service since 1 January 1967, if at the time he ceases to be employed by the employer he has attained age 45 **and** has been employed for a continuous period of 10 years by that employer.

"Pension benefits" means those benefits provided by both the employer's contributions and those an employee is required to contribute while a member of the plan.

A member who qualified for a deferred life annuity may not withdraw either his own contributions or the commuted value of the pension entitlement, nor is this entitlement capable of being assigned, surrendered, alienated, seized or attached.

* This "locking-in" of the value of the benefit upholds the real purpose of pension plans, to provide income to retired employees.

FUNDING:

The employer is required to pay into the pension fund each year an amount sufficient to cover the cost of the benefits earned in that year. In addition, where an unfunded liability or experience deficiency exists, a special payment is required to be made annually in

in order to liquidate this debt within a specified number of years.

* This ensures the monetary value of the benefits accrued under the terms of the plan are maintained separate and distinct from the assets of the employer.

INVESTMENT:

Pension plan funds can only be invested in those investments in which the general funds of insurance companies may be invested, with the extra proviso that not more than 10% of the book value of the fund may be invested in the shares of any one corporation. Seven per cent of the fund may be invested in unqualified securities.

* The intent of these limitations is to reduce the risk of diminution of the fund through investment losses.

EXPLANATION TO EMPLOYEES:

The employer is required to provide each member of the pension plan with a written explanation of the terms and conditions of the plan and any amendments thereto.

* By this means every member has the opportunity of knowing his rights and duties under the plan.

2. Duties and responsibilities additional to those required by the Act.

In addition to its duties and responsibilities under The Pension Benefits Act, the Branch on behalf of Alberta is party to reciprocal agreements in effect with the Government of Canada, and the governments of Ontario, Quebec, Saskatchewan and Manitoba under which the Branch can be charged with the administration of the pension legislation of these other jurisdictions. Where a pension plan covers employees in more than one of these jurisdictions, the reciprocal agreements require that the plan only be registered in and administered by that jurisdiction in which the greatest number of plan members are employed. Therefore, the Alberta Pension Benefits Branch is not only responsible for ensuring compliance with Alberta legislation but also, in many cases, with the legislation of all governments who are parties to the reciprocal agreements.

Another responsibility, which although not specifically contained in the Act has been accepted, is assistance to employees who are considering retirement, have retired or have terminated their employment with an employer. To those in the first category, assistance is in the form of counselling so that they will be better equipped to determine which of the optional forms of pension allowed by their plan is best suited to their particular needs. In the other categories it is usually a case of non-receipt of either their pension entitlement or refund of contributions, and the Branch contacts the employer to ascertain the reason for this, ensures the provision to the employer of any necessary documentation awaited, and obtains prompt payment of either the pension or refund. The Branch also responded to enquiries from employees requiring clarification of the terms of the legislation and their rights thereunder.

During the course of the past year the Branch replaced the Board of Industrial Relations as the repository for trust agreements covering employee benefits filed in accordance with section 166(1) of the Alberta Labour Act. In this respect the Branch has undertaken, in addition to the safekeeping of such documents, the responsibility of reviewing these for possible inadequacies and inconsistencies relating to the intent and purpose of the agreement.

3. MEETINGS WITH SIMILAR AUTHORITIES.

The Act of each jurisdiction contains a provision authorizing the establishment of a Canadian association of pension authorities, and as it was the unanimous view of the representatives of the various jurisdictions that the creation of such a body would be of benefit not only to the regulatory authorities but also to others concerned in the pension field, the establishment of the Canadian Association of Pension Supervisory Authorities (CAPSA) was recommended, and came into effect on 10 May 1974.

Membership in CAPSA is restricted to those authorities having pension legislation in force. The original members, the Government of Canada and the Provincial Governments of Alberta, Ontario, Quebec and Saskatchewan, have now been joined by the Provincial Government of Manitoba. The number of members will increase during the course of next year as similar legislation is now in force in Nova Scotia, and it is expected that the Provincial Government of New Brunswick will enact this type of legislation shortly.

Meetings of CAPSA take place about twice a year, and the discussions concern all as aspects of pension plans. While recognizing that each jurisdiction may differ with regard to priorities, the prime endeavour of the Association is to maintain uniformity. It also organizes studies on matters of concern to all members through the Standing Committee of Superintendents, which relieves the individual members of having to initiate and perform such studies themselves.

The Standing Committee of Superintendents also met several times during the past year and discussions were related to problem areas, new developments in the pension field, and possible means of dealing with these.

Currently two studies are in progress, one relating to multi-employer plans and the other in respect of standardization of pension plan format and terminology in pension plans.

CAPSA is also concerned with the losses sometimes incurred by pension plans in the event of bankruptcy of employers, but decision on any possible action has been delayed pending results of the review currently in progress in

this regard.

The Standing Committee of Superintendents did recommend that an overall study of the pension plan situation be undertaken, but in view of a federal task force and a Quebec committee, already in place to do essentially this same work, it was the opinion of CAPSA that such a study would be duplication and it should await the results of these two studies.

The Standing Committee of Superintendents continues to be actively involved in the collection of statistical data, and a selected number of the tables produced are appended to this report.

4. UNIFORMITY.

Although the main provisions of the various Acts are uniform as to intent and purpose, slight differences in wording, stemming mainly from the preferences and style of the various legal persons involved, do leave some provisions open to interpretation which can present difficulties where a pension plan covers employees in more than one jurisdiction. Every endeavour is being made to restrict such differences to the barest minimum, but this becomes increasingly difficult as more Governments enact this type of legislation, however it is hoped that CAPSA will prove to be the vehicle by which the greatest possible degree of uniformity may be achieved.

The co-operation existing between the various jurisdictions is at a very high level and newcomers to the organization receive as much help as they require from those authorities which have been in operation for a number of years. This co-operation has been, and continues to be, beneficial to all concerned in the pension field.

5. HIGHLIGHTS OF ASSISTANCE GIVEN.

Throughout the year the Branch has received a substantial number of enquiries both verbal and written from employees, employers, insurance companies, trust companies, lawyers, accountants, consultants and trustees on various pension matters, the majority of these relating generally to provisions of the legislation. A number of enquiries are also dealt with respecting employees who have either terminated or retired and who have not been satisfied with the payment or pension received, or have not yet received payment. The efforts of the Branch have resulted in satisfaction to enquirers.

As stated in last year's report the Branch were involved in the situation which arose from the decision by Silverwood Industries Limited to discontinue its operations in Alberta. Owing to the time taken to collect all necessary data there was some delay in the distribution of entitlement to the employees affected, but final settlements were approved during August 1976. Each employee received full vesting of the benefits accrued by him for service with Silverwoods.

The assistance of the Branch was also requested in the matter of the split of the Painters' Pension Trust Fund of Alberta. This plan was originally established to provide benefits in respect of members of the International Brotherhood of Painters and Allied Trades, Local 583 - Calgary and Local 1016 - Edmonton employed by painting contractors in Alberta, however due to certain circumstances the Calgary Local decided to establish its own pension plan and court action was taken to effect this. The Branch was involved in consultations with the legal advisors and consultants of both parties, as well as the administrator for both plans, on such matters as the institution of the new plan and the division of the accumulated funds between the old and new plans. The matter was resolved to the satisfaction of all concerned. The new plan of Local 583 - the Painters' Pension Trust Fund of Sourthern Alberta was duly approved and registered 2 December 1976.

In April 1976, the Branch became aware of the proposed institution of a pension plan for members of the International Retail Clerks Association, Locals 401 (Edmonton) and 397 (Calgary), to be known as Alberta Retail Clerks Industry Pension Plan, and after some meetings and discussions with union officials, consultants and legal advisors the plan was approved and registered on 14 February 1977.

Of the supermarkets which are parties to the plan only Safeways had a pension plan in operation for its employees, and again the Branch was involved with working out a satisfactory procedure in respect of the contributions that employees had made to that plan prior to the establishment of the Industry Plan. The affected employees were being advised of the options available to them, and Safeways were to comply with their wishes as soon as these were received.

6. Amendments to the Act.

Effective 1 January 1977 section 13 of The Pension Benefits Act was struck out as it is redundant to section 44 of The Trustee Act as included in The Attorney General Statutes Amendment Act, 1976.

7. General.

The Branch staged three one day Pension Seminars during the past year, one in Edmonton and two in Calgary. Originally the intent was to have one in each of these cities, but the number of applications received from Calgary people necessitated two sessions.

The program consisted of the following,

1. Review of The Pension Benefits Act.
2. Legislation affecting Multi-Employer Plans.
3. New concepts re Vesting and Locking-in.
4. Indexing of Pensions.
5. Communications.

Attendance at the Edmonton session numbered sixty-two persons, and a total of eighty-four persons were present at the Calgary sessions.

Participation in the discussion and question period which followed each subject dealt with was extremely good.

The general consensus of opinion, obtained from evaluation sheets, was that the seminars were both informative and stimulating, and further seminars should be held to keep those involved with employee benefits up to date with regard to legislative changes and new developments, and also allow such persons to communicate their concerns on matters relating to pension plans and the legislation to the regulatory authority.

In view of the response and interest generated, the Branch intends to have further seminars of this nature.

Statistical information relating to the pension plans submitted for registration since the Act came into force up to 31 March 1977, is contained in Appendix 'A'.

A breakdown of those pension plans cancelled, showing the reason for cancellation, is as per Appendix 'B'.

The Branch continues to supply information to Statistics Canada for the joint statistical programme, and a number of statistical tables were produced showing the position as at 1 January 1976. Reproductions of four tables are appended to this report.

The provision of income for retirement years continues to rank exceedingly high in the non-cash benefits desired by employees, resulting in the establishment of new plans and the improvement of existing plans, each of which must be documented and approved by the Branch. The processing of registrations, amendments and other documents, as well as enquiries from a variety of sources, are being handled with the minimum of delay.

The high degree of co-operation received by the Branch from employers, pension consultants, insurance and trust companies, has assisted considerably in the administration of the Act.

APPENDIX 'A'

	Total At Mar. 31/76	Additions During Period	Total At Mar. 31/77
Plans Examined	2419	69	2488
Plans "Approved" (Registration)	2346	67	2413
Plans Awaiting Approval (Includes "Not Examined")	40	- 10	30
Plans Transferred Under Reciprocal Agreements:			
To Alberta Supervision	99	6	105
From Alberta Supervision	79	26	105
Plans Cancelled	1111	127	1238
Amendments To "Approved" Plans	4648	624	5272
Annual Information Returns	12240	1507	13747
Appendix 'A' To Form 2(B) (Submitted Every Third Year)	1916	690	2603

APPENDIX 'B'

Reason For Discontinuance	Total At Mar. 31/76	Additions During Period	Total At Mar. 31/77
Non-Approval by Department of National Revenue	285	1	286
Replaced by New Plans	208	40	248
Financial Problems	104	3	107
Company Dissolved	104	6	110
Not Required to Register and Duplicate Registration	18	Nil	18
No Members Left in Plan	134	19	153
Non Compliance	20	Nil	20
No Reason Given - Owner's Request	238	* 58	296
TOTAL	1111	** 127	1238

* NOTE

The 58 plans shown in this category consisted of:

10 "Significant Shareholder" Plans (17 members)

31 "Salaried & Executive" Plans (89 members)

17 "All Employees" Plans (110 members)

The entitlement of each member was made up of both employee and employer contributions. Of the 216 members covered, 28 members transferred the value of their entitlement to Registered Retirement Savings Plans, the other 188 members received either cash, or deferred life annuities in accordance with the provisions of Section 16 of the Act.

** NOTE

Cancellation of these 127 plans affected 1704 employees, of this number 1073 were employed in Alberta.

NUMBER AND PERCENTAGE OF PENSION PLANS AND MEMBERS BY MEMBERSHIP SIZE-GROUP, 1976

MEMBERSHIP-SIZE GROUP	PLANS		MEMBERS			
			MALE	FEMALE	TOTAL	
	NUMBER	%	NUMBER	NUMBER	NUMBER	%
Less than 5	543	20.2	925	245	1,170	.4
5 - 9	272	10.1	1,211	314	1,525	.5
10 - 14	162	6.0	1,227	216	1,443	.5
15 - 49	492	18.3	4,781	798	5,579	2.1
50 - 99	312	11.6	5,122	881	6,003	2.3
100 - 199	273	10.1	5,337	588	5,925	2.2
200 - 499	293	10.9	10,405	1,645	12,050	4.6
500 - 999	140	5.2	13,907	1,647	15,554	5.9
1,000 - 1,999	85	3.1	15,863	2,949	18,812	7.2
2,000 - 2,999	38	1.4	20,914	1,668	22,582	8.6
3,000 - 3,999	15	.5	2,920	440	3,360	1.2
4,000 - 4,999	8	.2	1,133	123	1,256	.4
5,000 - 9,999	26	.9	20,374	6,600	26,974	10.3
10,000 and Over	23	.8	88,413	49,948	138,361	53.0
TOTAL	2,682	100.0	192,532	68,062	260,594	100.0

EXPLANATION

In this table "Membership-size group" is determined by the total number of members in the plan which may cover employees not only in Alberta but elsewhere. Membership figures relate to employees in Alberta who are members of a pension plan, irrespective of whether the plan is subject to provincial or federal pension legislation, or is not subject to such legislation by reason of being excepted therefrom.

PENSION PLANS BY TYPE OF PLAN - NUMBER AND PERCENTAGE OF PLANS AND MEMBERSHIP BY SEX, 1976

TYPE OF PLAN	PLANS		MEMBERS			
	NUMBER	%	MALES	FEMALES	TOTAL	%
UNIT BENEFIT						
Final Earnings	14	.5	457	158	615	.2
Final Average Earnings	147	5.4	12,103	2,885	14,988	5.7
Average Best Earnings	450	16.7	103,413	55,982	159,395	61.1
Career Average Earnings	870	32.4	25,929	5,752	31,681	12.1
Level Percentage of Earnings	2		18	2	20	
SUB-TOTAL	1,483	55.2	141,920	64,779	206,699	79.3
MONEY PURCHASE	929	34.6	8,337	1,728	10,065	3.8
PROFIT SHARING	77	2.8	1,317	271	1,588	.6
FLAT BENEFIT	109	4.0	38,617	1,088	39,705	15.2
COMPOSITE	49	1.8	1,662	81	1,743	.6
OTHER	35	1.3	679	115	794	.3
TOTAL	2,682	100.0	192,532	68,062	260,594	100.0

FUNDING INSTRUMENT - CONTRIBUTORY AND NON-CONTRIBUTORY PLANS WITH MEMBERSHIP BY SEX, 1976

	PLANS		MEMBERS			
			MALE	FEMALE	TOTAL	
	NUMBER	%	NUMBER	NUMBER	NUMBER	%
ALL-PLANS						
Insurance Co Contracts Total	1,667	62.1	23,651	4,204	27,855	10.6
Individual	288	10.7	541	143	684	.2
Group	748	27.8	7,185	1,299	8,484	3.2
Deposit Administration	243	9.0	5,123	1,081	6,204	2.3
Segregated Fund	239	8.9	8,961	1,392	10,353	3.9
Combinations	149	5.5	1,841	289	2,130	.8
Trusteed Total	919	34.2	107,455	30,952	138,407	53.1
Corporate Trustee	729	27.1	40,033	6,800	46,833	17.9
Individual Trustee	174	6.4	58,525	21,349	79,874	30.6
Pension Fund Society	8	.2	2,359	1,968	4,327	1.6
Combinations	8	.2	6,538	835	7,373	2.8
Canadian Govt. Annuities	7	.2	183	3	186	
Combinations	80	2.9	8,155	1,870	10,025	3.8
Govt. Consolidated Rev. Funds	5	.1	53,046	31,029	84,075	32.2
Other	4	.1	42	4	46	
TOTAL	2,682	100.0	192,532	68,062	260,594	100.0

NUMBER AND PERCENTAGE OF PENSION PLANS BY TYPE OF ORGANIZATION WITH MEMBERSHIP BY SEX, 1976

	PLANS		MEMBERS			
			MALES	FEMALES	TOTAL	
	NUMBER	%	NUMBER	NUMBER	NUMBER	%
TYPE OF ORGANIZATION						
Municipal	34	1.2	29,708	24,348	54,056	20.7
Municipal Enterprise						
Provincial	5	.1	18,132	14,935	33,067	12.6
Provincial Enterprise	2		4,783	3,270	8,053	3.0
Federal	5	.1	19,602	5,647	25,249	9.6
Federal Enterprise	7	.2	6,894	983	7,877	3.0
Incorporated Company	2,378	88.6	73,525	16,157	89,682	34.4
Partnership	23	.8	175	60	235	
Sole Proprietor	6	.2	10	2	12	
Association	95	3.5	733	507	1,240	.4
Co-Operative	32	1.1	3,258	804	4,062	1.5
Multi Employer	39	1.4	34,636	941	35,577	13.6
Other	56	2.0	1,076	408	1,484	.5
TOTAL	2,682	100.0	192,532	68,062	260,594	100.0